

REORGANIZATION

OF THE

NORTHERN PACIFIC RAILROAD COMPANY.

REORGANIZATION COMMITTEE:

EDWARD D. ADAMS, *Chairman*,
JOHN C. BULLITT,
LOUIS FITZGERALD,
CHARLES H. GODFREY,
J. D. PROBST,
JAMES STILLMAN,
ERNST THALMANN.

CHARLES C. BEAMAN,

WM. NELSON CROMWELL,

Counsel to the Reorganization Committee.

ARNOLD MARCUS,

Secretary.

PROTECTIVE COMMITTEE:

BRAYTON IVES, *Chairman*,
AUGUST BELMONT,
GEORGE R. SHELDON,
CHARLEMAGNE TOWER, Jr.,
SILAS W. PETTIT,
Counsel.

DEPOSITARIES:

J. P. MORGAN & CO., NEW YORK.

DREXEL & CO., PHILADELPHIA.

DEUTSCHE BANK, BERLIN,

AND ITS BRANCHES AT

FRANKFORT-ON-MAIN, BREMEN, HAMBURG, MUNICH AND LONDON.

FRANCIS LYNDE STETSON,

VICTOR MORAWETZ,

Counsel to the Reorganization Managers.

NEW YORK, March 16, 1896.

REORGANIZATION
OF THE
NORTHERN PACIFIC RAILROAD COMPANY.

ANNOUNCEMENT BY THE REORGANIZATION COMMITTEE,

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OFFICE OF THE
Northern Pacific Reorganization Committee,
MILLS BUILDING, NEW YORK,

March 16th, 1896.

To the Holders of the
BONDS and STOCKS
issued or guaranteed by the
NORTHERN PACIFIC RAILROAD COMPANY:

The property of the Northern Pacific Railroad Company comprises, in various forms of ownership and control,

A Railway System of 4,706 miles;

A Land Grant of about 43,000,000 acres, and

Sundry Bonds, Stocks and Accounts, representing interests in Terminal, Express, Coal and Navigation Companies.

This property is represented by fifty-four corporations, which have issued \$380,000,000 of Bonds and Stocks, of which all are now outstanding, and \$271,949,044, including defaulted interest to December 31, 1896, are owned directly by the public.

The present fixed Annual Interest and Sinking Fund Charges amount to..... \$10,905,690 00

The adjusted Net Income from all sources applicable to these Fixed Charges
has been:

For the Fiscal Year ending June 30, 1895..... 6,015,846 62

And during the past five years has averaged..... 7,801,645 78

THE PLAN FOR INDEPENDENT REORGANIZATION

OF THE PROPERTY HAS BEEN DRAWN UPON THE FOLLOWING BASIS:

First.—THE ABANDONMENT OF CHICAGO AS THE EASTERN TERMINUS, AND THE LIMITATION OF THE RAILWAY ON THE EAST BY THE MISSISSIPPI RIVER AND THE GREAT LAKES.

The Bonds and Stocks of the Chicago & Northern Pacific Railroad Company and the Chicago & Calumet Company, or their successor companies, remaining as Northern Pacific assets, will be disposed of when they can be sold advantageously, and their proceeds applied to the benefit of the property.

Second.—THE ULTIMATE UNION OF MAIN LINE, BRANCHES AND TERMINAL PROPERTIES THROUGH DIRECT OWNERSHIP BY A SINGLE COMPANY.

So far as practicable the ownership in fee, or otherwise, of the Equipment, Branch Line and Terminal properties (other than the Portland terminal) will be acquired and vested in the new Company and covered by its new mortgages.

Third.—THE REDUCTION OF THE FIXED ANNUAL CHARGES TO LESS THAN THE MINIMUM EARNINGS UNDER PROBABLE CONDITIONS.

The Net Income applicable to Fixed Charges has fluctuated from \$10,067,408.37 in the fiscal year 1891-92 to \$4,449,999.04 in 1893-94. The average of the past five years has been \$7,801,645.78.

The smallest results were brought about by the well-known combination of currency panic, floods, social disorders and short crops, all of which are unlikely to occur again at any one time.

The net income during the last fiscal year, 1894-95, as shown on page 20, was	\$5,657,483 49
To which should be added allowance for extraordinary expenses of the receiverships, of...	358,363 13

Thus making the adjusted Net Income of that year	\$6,015,846 62
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The gross earnings of the present fiscal year show an increase of about 16 per cent. over the gross earnings for the same period of the previous year.

The fixed annual charges under the Plan of Reorganization, when fully carried out (exclusive of bonds reserved for new construction), will amount to \$6,052,660.

Fourth.—AMPLE PROVISION FOR ADDITIONAL CAPITAL AS REQUIRED IN A SERIES OF YEARS FOR THE DEVELOPMENT OF THE PROPERTY AND FOR THE GREATER FACILITIES NECESSITATED BY AN INCREASED BUSINESS.

In their report of September last, the Receivers state "that provision should be made for extraordinary expenditures in the next five years of \$9,000,000, in order to place the property on an equal footing with its rivals for economical operation."

RAILWAY SYSTEM AND ITS MORTGAGE LIENS.

The railroad of the Northern Pacific system is composed of

Main Line,	45.73%	2,152.35 miles.
Branches,	54.27%	2,554.09 "
	<hr/>	<hr/>
	100. %	4,706.44 miles.

The General First, Second and Third Mortgage Bonds are secured by liens in their respective order upon the Land Grant and upon the Main Line railroad, as above.

The Consolidated Mortgage Bonds are secured by a fourth lien upon the Land Grant and upon the Main Line railroad, and also by the pledge of First Mortgage Bonds upon various Branch Lines having an aggregate length of 1,415.85 miles.

None of the four mortgages cover (except by leasehold) any of the terminal properties owned by the St. Paul & Northern Pacific Railroad Company, the Northern Pacific Terminal Company of (Portland) Oregon, or the Northern Pacific & Manitoba Terminal (Winnipeg), all of which are owned by separate organizations.

There are other branch roads comprising 1,138.24 miles, the bonds of which are directly owned by the public.

UNITED STATES LAND GRANT.

The Public Lands granted by the United States to the Northern Pacific Railroad Company under its charter July 2, 1864, amounted to 12,800 acres to the mile of track in the States of Minnesota and Oregon, and 25,600 acres per mile in the intermediate Territories.

It is estimated that under this grant the Company is entitled to receive about 43,000,000 acres, of which 22,823,115 acres have been selected as belonging to the Northern Pacific Railroad Company. Of these, United States patents, vesting the title to the fee of such lands in the Company, have been received for 15,939,189 acres.

The operations of the Land Department, as shown on page 21, during the past five years show that from all sources (exclusive of proceeds of sales applicable to the Preferred Stock, or by Trustees of Prior Mortgages to their interest and sinking funds), the total Income was.....\$3,076,308 37 while the Expenses and Taxes amounted to..... 1,304,145 39

leaving for the Sinking Fund of the General First Mortgage only.....\$1,772,162 98 while for the same period the requirements thereunder amounted to..... 3,272,860 00

This Deficiency in Proceeds from Land Sales, amounting to.....\$1,500,697 02 was supplied from the Net Earnings of the Operating Department of the Railroad Company.

Of late the diminution of sales of lands applicable to this, and other mortgages, has thrown upon the transportation earnings of the Company the burden of their Sinking Fund charges.

These charges, with the other Sinking Fund obligations to the public, amounting to \$1,463,763 per annum, will be entirely relieved by the full operation of the Plan of Reorganization.

None of the new bonds will be subject to drawing or compulsory redemption prior to their regular maturity, a feature now quite generally recognized by investors as most desirable. At the same time they will, after the retirement of the present General First Mortgage Bonds, receive all the benefits of the land sales through the mortgage provision that one-half the proceeds thereof, not exceeding \$500,000 in any one year, shall be used in the purchase, at not exceeding 110 per cent., and the cancellation, of Prior Lien 4 per cent. Bonds, and when these are not obtainable, then in the purchase, at not exceeding 100 per cent., and the cancellation, of General Lien 3 per cent. Bonds, and that the remainder shall be used for betterments and additions to the mortgaged property.

As it now stands, the System in its form of incorporation and capitalization, is a development without method or adequate preparation for growth. Scarcely any single security is complete in itself. The Main Line Mortgages cover neither feeders or terminals. The Terminal Mortgages may be bereft of their Main Line support. The Branch Line Bonds are dependent upon the Main Line for interchange of business, and the Main Line owes a large part of its business to the Branch Lines.

The principal object of the Reorganization Committee has been to preserve the integrity of the System. The Plan now presented for the reorganization of the property is founded upon the idea that its unification means its preservation and prosperity, both of which, it is believed, can now be thus permanently accomplished with the best possible security and results for all interests.

The conversion of the General First Mortgage Bonds upon the terms set forth in the Plan is recommended by Messrs. J. P. Morgan & Co., August Belmont & Co. and Winslow, Lanier & Co., who originally issued those bonds, as well as by the German Committee of General First Mortgage Bondholders.

The Plan has been prepared with the approval and coöperation of Messrs. J. P. Morgan & Co. and the Deutsche Bank.

The Plan has received the approval of the representatives of a majority of the Bondholders of the three Main Line mortgages in process of foreclosure (the General Second, General Third and Consolidated Mortgages), and of other important interests affected by the terms of reorganization.

It has also received the approval of the interests represented by the Protective Committee.

Messrs. J. P. Morgan & Co. and the Deutsche Bank have formed the necessary Syndicate of \$45,000,000, and Messrs. J. P. Morgan & Co. will act as Reorganization Managers.

EDWARD D. ADAMS, *Chairman.*

JOHN C. BULLITT,

LOUIS FITZGERALD,

CHARLES H. GODFREY,

J. D. PROBST,

JAMES STILLMAN,

ERNST THALMANN,

Reorganization Committee.

The undersigned Protective Committee hereby join in recommending the prompt acceptance of the accompanying Plan and Agreement.

BRAYTON IVES, *Chairman.*

AUGUST BELMONT,

GEORGE R. SHELDON,

CHARLEMAGNE TOWER, JR.,

Protective Committee.

SILAS W. PETTIT,

Counsel.

NEW YORK, March 16th, 1896.

PLAN FOR THE REORGANIZATION OF THE NORTHERN PACIFIC SYSTEM.

CONDITIONS OF PARTICIPATION.

Participation under this Plan of Reorganization in any respect whatsoever is dependent on the deposit of securities with one of the Depositaries, Messrs. J. P. MORGAN & CO., 23 Wall Street, New York, Messrs. DREXEL & CO., Fifth and Chestnut Streets, Philadelphia, the DEUTSCHE BANK, Berlin, and its Branches at Frankfort-on-Main, Bremen, Hamburg, Munich and London, within such time as may be fixed by notice, and will embrace only securities so deposited.

No securities will be received on deposit unless in negotiable form, and bonds must carry all unpaid coupons.

Pursuant to the arrangement with a Syndicate, hereinafter stated:

As consideration for shares of the new Company as hereinafter indicated, Depositors of Preferred Stock must also pay \$10 per share for new Preferred and Common Stock, and Depositors of Common Stock must pay \$15 per share for new Common Stock.

The payments by Depositors of such Common and Preferred Stock must be made at the offices of Messrs. J. P. Morgan & Co., New York, or Messrs. Drexel & Co., Philadelphia, or of the Deutsche Bank, Berlin and London, at the option of each depositing stockholder, in not less than three instalments, at least thirty days apart, when and as called for by advertisement in each instance at least twice a week for two weeks in two of the daily papers of general circulation published in the Cities of New York, Philadelphia, London and Berlin, respectively.

All payments must be receipted for by one of the Depositaries on the Certificates of Deposit.

Failure to pay any installment when and as payable will subject the deposited stock and all rights on account of any prior payments to forfeiture, as hereinafter provided.

Holders of Certificates of the Mercantile Trust Company of New York for General Second, General Third and Consolidated Mortgage Bonds, deposited under the existing Bondholders' Agreement of February 19, 1894, will be entitled to the benefits of this Plan without the issue of new receipts or certificates, provided, that if hereafter required by the Managers and within the time limited therefor, such existing certificates be produced to one of the Depositaries and stamped as assenting to this Plan.

All holders of General Second, General Third and Consolidated Mortgage Bonds who have not already deposited their bonds with the Mercantile Trust Company of New York under the existing Bondholders' Agreement, shall, by delivery of their bonds to the Depositaries, be deemed to deposit their bonds under said Bondholders' Agreement, and, for the bonds deposited, will receive Certificates of said Trust Company issued under that agreement, duly stamped by one of the Depositaries as assenting to this Plan.

The Depositaries will issue negotiable receipts for all other securities deposited with them.

The holders of receipts heretofore issued by the New York Security and Trust Company of New York for General Second Mortgage Bonds, and by the New York Guaranty and Indemnity Company for General Third Mortgage Bonds, must surrender the same to one of the Depositaries and must obtain suitable new certificates hereunder in exchange therefor, in order to entitle them to any benefit of this Plan. Bonds represented by such receipts not actually delivered to the Depositaries will not be entitled to participation herein.

NEW RAILROAD COMPANY.

At the discretion of the Managers, the various properties will be sold under one or more of the several mortgages in default, or otherwise dealt with, and a successor company will be organized.

Pending their use for reorganization purposes, the securities deposited hereunder will be delivered by the Depositaries to one or more Trust Companies, to be held by them respectively subject to the order and control of the Managers.

All securities deposited under the Plan are to be kept alive so long as deemed necessary for the purpose of reorganization.

NEW STOCKS AND BONDS.

The new Company is to authorize the following securities :

First. PRIOR LIEN ONE HUNDRED YEAR 4 PER CENT. GOLD BONDS FOR \$130,000,000.*

These bonds are to be secured by a mortgage upon the Main Line, Branches, Terminals, Land Grant, Equipment, and other property, embraced in the reorganization as carried out, and also upon all other property thereafter acquired by the use of any of the bonds to be issued under both the new mortgages.

The present General First Mortgage covers only the main line, land grant and the equipment so far as owned by the Company.

The proceeds of the lands applicable to the new bonds after the retirement of the General First Mortgage Bonds (as provided below) will be applied, one-half, but not in any one year exceeding \$500,000, to the purchase of the Prior Lien 4 per cent. Bonds at not exceeding 110 per cent., and their cancellation, and the remainder, under carefully guarded restrictions in the mortgage, will be used for betterments and additions to the property pledged as security for the bonds.

Whenever these bonds cannot be purchased at the maximum price, the unapplied land proceeds for that year will be used to purchase the General Lien 3 per cent. Bonds at not exceeding 100 per cent. and their cancellation.

These bonds are to be appropriated approximately as follows :

To retire an equal amount of General First Mortgage Bonds.....	\$41,879,000
To provide for the conversion and, so far as necessary, for the Sinking Fund of the General First Mortgage Bonds (any amount not so used to be added to the reserve for new construction, etc.).....	14,657,650
For the payment of Receivers' Certificates and Equipment Trust, and the conversion of the Collateral Trust Notes and General Second Mortgage Bonds.....	40,040,350
Total present issue under the Plan.....	\$96,577,000
Reserved to provide at their maturity for an equal amount of Bonds of the St. Paul & Northern Pacific Railroad Company.....	8,423,000
Estimated amount to be reserved for new construction, betterments, equipment, etc., under carefully guarded restrictions in the mortgage, and to the extent of not exceeding \$1,500,000 per annum.....	25,000,000
Total authorized issue.....	\$130,000,000

* Bonds will be issued in the following denominations: Coupon Bonds of \$500 and \$1,000, with privilege of conversion into Registered Bonds of \$1,000 and \$10,000.

All interest will be payable quarterly, and both principal and interest will be payable in United States gold coin of the present standard of weight and fineness, without deduction for any taxes which the Railroad Company may be required to pay or retain therefrom.

Second. GENERAL LIEN 150 YEAR 3 PER CENT. GOLD BONDS*, limited in amount to \$60,000,000, in addition to a reserve for the 100 year 4 per cent. Prior Lien Mortgage of \$130,000,000.

These bonds are to be secured by a mortgage second in lien to the Prior Lien Mortgage, and covering the same property.

They are to be appropriated approximately as follows:

For the conversion of the General Third Mortgage Bonds, Dividend Certificates, and the Consolidated Mortgage and Branch Line Bonds under the Plan.....	\$56,000,000
Estimated amount to be reserved under carefully guarded restrictions in the mortgage, for new construction, betterments, equipment, etc.....	4,000,000
Total issue in excess of Prior Lien Bonds.....	60,000,000
Reserved to provide for the Prior Lien Bonds at their maturity in 100 years.....	130,000,000
Maximum amount of both Mortgages.....	\$190,000,000

Third. PREFERRED STOCK, 4 PER CENT. NON-CUMULATIVE, limited in amount, under this Plan, to not exceeding \$75,000,000, which amount can be increased only with the consent of the Preferred and Common Stockholders, as hereinafter set forth. All the Preferred Stock will be in shares of \$100 each, and will be registered and transferable, at the option of the holder, either in New York or at the Deutsche Bank, Berlin. Dividends upon stock registered in Berlin may be collected there at the rate of 4.20 marks per dollar.

Each share of this Preferred Stock will be entitled to non-cumulative dividends to the extent of four per cent. per annum, payable quarterly out of surplus net earnings in each fiscal year before any dividends for such year shall be paid on the Common Stock, and without deduction for any United States, State or municipal taxes that the Railroad Company may at any time be required to pay or retain therefrom.

In any fiscal year in which four per cent. dividends shall have been declared on both preferred and common stock, all shares, whether preferred or common, shall participate equally in any further dividends for such year.

Provision will be made that after the termination of the Voting Trust hereinafter provided for, the Preferred Stock is to have the right to elect a majority of the Board of Directors of the new Company whenever for two successive quarterly periods the full and regular quarterly dividends upon the Preferred Stock, at the rate of four per cent. per annum are not paid in cash.

The right will be reserved by the new Company to retire this stock, in whole or in part, at par, from time to time, upon any first day of January during the next twenty years.

The Preferred Stock will be appropriated approximately as follows:

For conversion and adjustment of various Main Line and Branch Line Mortgage Bonds and the defaulted interest thereon, and other purposes, as provided in the Plan....	\$72,500,000
Estimated amount which may be used for reorganization purposes or may be available as a Treasury asset of the new Company	2,500,000
	<u>\$75,000,000</u>

Fourth. COMMON STOCK to the amount of not exceeding \$80,000,000, in shares of \$100 each.

This stock will be appropriated approximately as follows:

For purposes of reorganization, as provided in the Plan.....	\$77,500,000
Estimated amount which may be used for reorganization purposes or may be available as a Treasury asset of the new Company	2,500,000
	<u>\$80,000,000</u>

* Bonds will be issued in the following denominations: Coupon Bonds of \$500 and \$1,000, with privilege of conversion into Registered Bonds of \$1,000 and \$10,000.

All interest will be payable quarterly, and both principal and interest will be payable in United States gold coin of the present standard of weight and fineness, without deduction for any taxes which the Railroad Company may be required to pay or retain therefrom.

VOTING TRUST.

In furtherance of this independent reorganization and the administration of the property and of the securities, both classes of stock of the new Company (except such number of shares as may be disposed of to qualify directors) are to be vested in the following five Voting Trustees: J. Pierpont Morgan, Georg Siemens, August Belmont, Johnston Livingston and Charles Lanier.

In the event of the death of any person designated as a Voting Trustee, prior to the creation of the Voting Trust, the vacancy shall be filled as provided in the Reorganization Agreement hereunto annexed, and which is comprised in and forms part of this Plan, with the same force and effect as though herein set forth at length. The stock shall be held by the Voting Trustees and their successors, jointly (under a trust agreement prescribing the powers and duties to be exercised by them, or by a majority of them, and the method of filling vacancies), for five years, although the Voting Trustees, in their discretion, may deliver the stock at any earlier date. Until delivery of stock is made by the Voting Trustees, they shall issue Stock Trust certificates entitling the registered holders to receive, at the time therein provided, stock certificates for the number of shares therein stated, and in the meanwhile to receive payments equal to the dividends collected by the Voting Trustees upon a like number of shares, which shares, however, with the voting power thereon, shall be vested in the Voting Trustees until the stock shall become deliverable, as provided in such Trust Agreement and certificates of the Voting Trustees.

RESTRICTIONS AS TO ADDITIONAL MORTGAGE DEBT AND PREFERRED STOCK.

Provision is to be made that no additional mortgage shall be put upon the property to be acquired hereunder, nor the amount of the Preferred Stock authorized under this Plan be increased, except, in each instance, after obtaining the consent of the holders of a majority of the whole amount of the Preferred Stock, given at a meeting of the Stockholders called for that purpose, and the consent of the holders of a majority of such part of the Common Stock as shall be represented at such meeting, the holders of each class of stock voting separately. During the existence of the Voting Trust, the consent of holders of like amounts of the respective classes of beneficial certificates shall also be necessary for the purposes indicated.

ESTIMATE OF TOTAL NEW CAPITALIZATION,*

UNDER THE PLAN WHEN FULLY CARRIED OUT

(Exclusive of bonds and stock reserved for new construction, etc.)

<i>Securities.</i>	<i>Amount.</i>	<i>Annual Interest and Dividend.</i>
Prior Lien Bonds†.....	\$105,000,000	\$4,372,660
General Lien Bonds.....	56,000,000	1,680,000
Total Bonds.....	161,000,000	6,052,660
Preferred Stock.....	\$72,500,000	2,900,000
Common Stock.....	77,500,000	
Total Stock.....	150,000,000	
Total Capitalization.....	\$311,000,000	
Total Annual Charges prior to the Common Stock.....		\$8,952,660

† Including \$8,423,000 St. Paul and Northern Pacific Bonds.

ESTIMATE OF AMOUNT AND CHARGES PER MILE.*

<i>Securities.</i>	<i>Amount per mile.</i>	<i>Interest and Dividend per mile.</i>
Prior Lien Bonds.....	\$22,310	\$929
General Lien Bonds.....	11,899	357
Total Bonds, per mile.....	34,209	1,286
Preferred Stock.....	\$15,404	616
Common Stock.....	16,467	
Total Stock, per mile.....	31,871	
Total Capital per mile.....	\$66,080	
Annual Charges per mile prior to Common Stock.....		\$1,902

* These calculations are based upon 4,706.44 miles, and are consequently subject to variation according to the actual mileage finally embraced in the reorganization.

APPLICATION OF SECURITIES.

The following details show the disposition to be made under the Plan of the securities of the new Company.

As a consideration for the property and securities to be conveyed or delivered to the new Company, or which, pursuant to the Plan, the new Company shall acquire, it is contemplated that the new Company shall deliver the new bonds and stock, excepting the new bonds to be reserved to take up such of the existing securities as are not disturbed, and such final amounts as shall be reserved for the future use of the new Company.

The requisite deliveries of the new securities to depositors and subscribers under the Plan will thus be provided for.

GENERAL FIRST MORTGAGE BONDS.

Privilege of Conversion.

The present General First Mortgage Bonds mature in 1921, but are redeemable by compulsory drawings at any time at 110 per cent. from the proceeds of land sales or the fixed annual contribution by the Company to the Sinking Fund.

These compulsory redemptions in the past have been a disturbing factor in all calculations for investment purposes, and the inauguration of a new and vigorous policy for the sale of the lands may be expected from this time forward greatly to increase the amount of such redemptions.

In some years these redemptions have required large contributions from the Operating Department, to the extent even of the entire amount of the Sinking Fund, a sum which would provide for the annual interest on about \$19,000,000 of Prior Lien Bonds as now proposed. It is manifestly to the benefit of the holders of General First Mortgage Bonds to secure an investment of longer continuance and it is also to the benefit of all subsequent securities to diminish this unnecessarily large burden of annual fixed charge.

To relieve the bondholders from these calls for redemption, which prevent their bonds from reaching the high price they would otherwise command, and to relieve the Company from the burden of the Sinking Fund requirements, and permit the use of a portion of the proceeds of land sales for the benefit of the property,

Holders of the General First Mortgage Bonds are now offered the privilege of converting or exchanging their bonds for the new Prior Lien 100-year 4 per cent. Gold Bonds, at the rate of \$1,000 old bonds (coupon or registered) for \$1,350 of new bonds.

To avail of this offer, holders must deposit their bonds as provided on page 7 hereof.

Bonds deposited for conversion under this privilege will be entitled to receive on April 1st next, a cash payment of \$30 per \$1,000 bond so deposited in lieu of the six months' interest that would mature July 1 next on such bond. The first coupon on the Prior Lien Bonds offered in exchange for General First Mortgage Bonds will be payable October 1 next, and in case of any delay in the reorganization, payments equal to the amount of such new coupons will be made on that date and quarterly thereafter until the new bonds are delivered. These payments will, in the absence of other provision, be made by the Syndicate, which will reimburse itself out of the present General First Mortgage coupons as collected.

The right is expressly reserved to modify these terms or to terminate the privilege at any time, and without notice.

The old bonds now outstanding are at the rate of about \$20,466 per mile. The Prior Lien Bonds, including those reserved for the St. Paul and Northern Pacific Bonds (but not including those to be reserved for new construction, etc.), will, on the basis of 4,706 miles, amount to about \$22,310 per mile, and will cover all the Equipment and the Branches and Terminals as proposed under the Plan.

It is not sought in any way to enforce a conversion of the present General First Mortgage Bonds, and this offer is made solely upon the belief that on the terms proposed such conversion, while advantageous to the Company, is also manifestly to the advantage of bondholders so converting.

The fixed charges for interest and sinking funds on the present General First and Divisional Mortgage Bonds are at the rate of \$1,618 per mile per annum, while it is estimated that they will amount to only \$929 per mile per annum on the Prior Lien Bonds.

The advantage is obvious of a mortgage resting upon a complete and entire system, including Main Line and all branches brought into the new Company, together with Terminals, Land Grant and Equipment, and having over \$200,000,000 of bond and share capital behind it, securing a gold bond running for one hundred years, as compared with a bond at all times liable to compulsory retirement, and secured by only part of the system.

NORTHWEST EQUIPMENT COMPANY.

The shares deposited under the Plan to be purchased at par flat as of June 1, 1896, payable, with interest from that date at 6 per cent. per annum, at any time, in the discretion of the Managers, on or before completion of reorganization.

COLLATERAL TRUST NOTES.

Those deposited under the Plan to receive—

- 3 per cent. in cash May 1, 1896, and 4 per cent. in cash January 1, 1897.
- 100 per cent. in Prior Lien 4 per cent. Bonds.
- 20 per cent. in Preferred Stock Trust Certificates.

GENERAL SECOND MORTGAGE BONDS.

Those deposited under the Plan to receive—

- 4 per cent. in cash within sixty days after the Plan has been declared operative.
- 118½ per cent. in Prior Lien 4 per cent. Bonds.
- 50 per cent. in Preferred Stock Trust Certificates.

GENERAL THIRD MORTGAGE BONDS.

Those deposited under the Plan to receive—

- 3 per cent. in cash within sixty days after the Plan has been declared operative.
- 118½ per cent. in General Lien 3 per cent. Bonds.
- 50 per cent. in Preferred Stock Trust Certificates.

DIVIDEND CERTIFICATES.

Those deposited under the Plan to receive—

- 3 per cent. in cash within sixty days after the Plan has been declared operative.
- 118 per cent. in General Lien 3 per cent. Bonds.
- 50 per cent. in Preferred Stock Trust Certificates.

CONSOLIDATED MORTGAGE BONDS.

Those deposited under the Plan to receive—

- 1½ per cent. in cash within sixty days after the Plan has been declared operative.
- 66½ per cent. in General Lien 3 per cent. Bonds.
- 62½ per cent. in Preferred Stock Trust Certificates.

Except as collected out of the coupons, the Managers will have a lien upon deposited securities for cash advanced as above provided, after the Plan shall have been declared operative.

Interest on all new Bonds to be delivered in exchange for old securities will, unless otherwise stated, accrue from January 1, 1897, and will be payable on or before completion of reorganization.

Equitable cash settlements will be made for fractional amounts of new bonds and stocks accruing to depositors.

BRANCH ROAD BONDS.

Holders of the Bonds issued by the following Companies are requested to communicate with Messrs. J. P. Morgan & Co., New York, or with the Deutsche Bank, Berlin, giving the amount of their holdings, and stating whether held in Bonds or Certificates of Deposit:

Central Washington Railroad Company.
 Cœur d'Alene Railway & Navigation Company.
 Duluth & Manitoba Railroad Company (Minnesota Division).
 Duluth & Manitoba Railroad Company (Dakota Division).
 Helena & Red Mountain Railroad Company.
 James River Valley Railroad Company.
 Northern Pacific & Montana Railroad Company.
 Northern Pacific & Manitoba Railway Company Terminal Bonds.
 Seattle, Lake Shore & Eastern Railroad Company.
 Spokane & Palouse Railway Company.

None of these Branch Roads (Seattle, Lake Shore & Eastern alone excepted) owns any considerable amount of equipment; all require more or less expenditure for the restoration of their track, roadbed, stations, etc., to proper condition; all are deficient in their rights of way; some have general traffic all the year, while others are dependent mainly upon the special business of a few months annually; and some earn varying rates of interest upon their cost.

In order to deal equitably with the holders of these Branch Bonds, it is deemed necessary to consider each case separately, and upon its own individual merits.

After hearing from a large proportion of each class of these bondholders, steps will be taken to arrive at some fair basis of adjustment, for which General Lien 3 per cent. Bonds and new Preferred Stock Trust Certificates have been reserved under this Plan.

PREFERRED STOCK.

Upon completion of the reorganization, the Reorganization Managers in behalf of the Syndicate will deliver to each Depositor of one share (\$100) of Preferred stock—

\$50 in new Preferred Stock Trust Certificates, and
 50 in new Common Stock Trust Certificates,

in consideration of his payment therefor of \$10 per share, as provided on page 7 of this Plan.

COMMON STOCK.

Upon completion of the reorganization, the Reorganization Managers, in behalf of the Syndicate, will deliver to the Depositor of each share (\$100) of old Common Stock one share (\$100) of new Common Stock Trust Certificate, in consideration of his payment therefor of \$15 per share, as provided on page 7 of this Plan.

In addition to the payment of all defaulted interest to January 1, 1897, in cash and New Mortgage Bonds, the holders of the three Main Line Mortgage Bonds in default will receive a considerable increase of principal with the following annual income :

<i>Old Securities.</i>	<i>Fixed Interest.</i>				<i>Income contingent upon Dividends on New 4 % Preferred Stock.</i>		<i>Total Income.</i>	
	<i>Prior Lien 4 % Bonds.</i>		<i>General Lien 3 % Bonds.</i>		<i>Amount.</i>	<i>Per cent.</i>	<i>Amount New Securities.</i>	<i>Per cent. on Old Securities.</i>
	<i>Amount.</i>	<i>Per cent.</i>	<i>Amount.</i>	<i>Per cent.</i>				
\$100 Seconds receive*	\$100	4.00			\$50 00	2.00	\$150 00	6.00
\$100 Thirds receive*.			\$100	3.00	50 00	2.00	150 00	5.00
\$100 Consols receive*.			50	1.50	62 50	2.50	112 50	4.00

* In addition to amounts allowed for coupons.

The position of the holders of the Common Stock of the new Company in relation to fixed annual charges for interest and sinking funds under the Plan, as compared with the position of the holders of the Common Stock of the present Company, is as follows:

<i>Fixed Charges and Preferred Dividends.</i>	<i>Old Company.</i>	<i>New Company.</i>	<i>Reductions.</i>	
			<i>Amount.</i>	<i>Per Cent.</i>
Fixed annual charges prior to dividends upon the Preferred Stocks.....	\$10,905,690	\$6,052,660	\$4,853,030	44.50%
Required for annual dividends upon the Preferred Stocks.....	2,819,064	2,900,000	80,936*	2.87%*
Total fixed charges and dividends upon the Preferred Stocks, prior to dividends upon the Common Stocks.....	\$13,724,754	\$8,952,660	\$4,772,094	34.77%

*Increase.

The compensation to be paid to Messrs. J. P. Morgan & Co. and the Deutsche Bank for their respective services as Managers and as Depositaries of securities has been fixed at one-quarter ($\frac{1}{4}\%$) of one per cent. upon the par value of the securities deposited under the Plan and of the new securities issued in exchange therefor, but not, in any event, to exceed \$1,000,000 in all for such compensation to both parties.

SYNDICATE.

A syndicate has been formed by Messrs. J. P. Morgan & Co., of New York, and the Deutsche Bank, of Berlin, to the subscribed amount of \$45,000,000, to provide the amounts of cash estimated as necessary (1) to carry out the terms of the Plan of Reorganization, and (2) to furnish the new Company with Cash working capital and with a sum estimated at \$5,000,000 for early use in betterment and enlargement of its property.

NEW YORK, March 16, 1896.

James J. Hill Papers
Minnesota Historical Society

MILEAGE OF THE NORTHERN PACIFIC SYSTEM.

Main Line.....	45.73%	2,152.35 miles.
Branches	54.27%	2,554.09 miles.
Owned.....	100.00%	4,706.44 miles.

FIRST, SECOND AND THIRD MORTGAGES.

	<i>Mileage.</i>	<i>Total.</i>
Main Line mileage	2,136.46	
Cokedale Spur	3.59	
Carlton to Duluth, one-half of 24.60	12.30	
		2,152.35

CONSOLIDATED MORTGAGE.

A fourth lien on the above mileage and a first lien on the following mileage through the ownership of Bonds of the Branch Roads:

Little Falls & Dakota R. R.	89.08
Northern Pacific, Fergus & Black Hills R. R.	117.05
Fargo & South-Western R. R.	87.41
Sanborn, Cooperstown & Turtle Mountain R. R.	36.75
Jamestown & Northern R. R. Co.	102.59
Northern Pacific, La Moure & Missouri River R. R.	21.30
South-Eastern Dakota R. R.	14.84
Jamestown & Northern Extension R. R.	18.03
Helena & Jefferson County R.R. Co.	20.58
Rocky Mountain R. R. of Montana.	52.61
Spokane Falls & Idaho R. R.	14.39
Clealum R. R.	5.30
Northern Pacific & Cascade R. R.	17.37
Green River & Northern R. R.	11.87
Tacoma, Orting & South-Eastern R. R.	7.65
Rocky Fork & Cooke City R. R.	45.43
Northern Pacific & Puget Sound Shore R. R.	43.08
Duluth, Crookston & Northern R. R.	44.51
United Railroads of Washington	181.93
Northern Pacific & Manitoba R. R.	263.54
Spokane & Palouse R. R., Idaho Division.	61.61

A proportionate first lien on the following mileage, based on part ownership of the Bonds outstanding:

Central Washington R. R.	108.54
Northern Pacific & Montana R. R.	354.38
	462.92

Proportion covered by Consolidated Mortgage..... 158.93

Total mileage covered by Consolidated Mortgage..... 1,415.85

BRANCH ROAD BONDS OWNED BY PUBLIC.

*A first lien on the following mileage:
Proportion of—*

Central Washington R. R.	} <i>as above</i>	303.99
Northern Pacific & Montana R. R.		
Spokane & Palouse R. R., in Washington.....		89.33
Cœur d'Alene Railway & Navigation Co.....		49.59
Helena & Red Mountain R. R.....		17.08
James River Valley R. R.....		63.75
Duluth & Manitoba R. R.....		205.77
Seattle, Lake Shore & Eastern R. R. Co.....		227.03
St. Paul & Northern Pacific R. R. Co.....		181.70
		<hr/>
		1,138.24
<i>Total mileage owned</i>		<hr/>
		4,706.44

MILEAGE NOT OWNED.

Operated by Trackage Rights:

Carlton to Duluth.....	12.30
------------------------	-------

TRACKS AND TERMINALS RENTED.

St. Paul Union Depot56
Great Northern Railway.....	12.12
Minneapolis Union Railway Co	2.60
Minn. & St. Louis Railway Co.....	1.62
Northern Pacific Terminal Co., of Oregon.....	1.32
St. Paul & Superior Short Line.....	2.37
Winnipeg Transfer	1.24
	<hr/>
	34.13
<i>Total miles operated</i>	<hr/>
	4,740.57

The above system of the Northern Pacific Railroad is located as follows:

STATE.	Miles of Main Line.	Miles of Branches.	Total Miles.
Wisconsin.....	78.63		78.63
Minnesota.....	249.40	498.76	748.16
North Dakota.....	376.93	484.02	860.95
Montana.....	786.68	490.08	1,276.76
Idaho.....	84.06	105.64	189.70
Washington.....	537.97	712.05	1,250.02
Oregon.....	38.68		38.68
Manitoba.....		263.54	263.54
Total miles.....	2,152.35	2,554.09	4,706.44

BONDS

ISSUED OR GUARANTEED BY THE

NORTHERN PACIFIC RAILROAD COMPANY,

HELD BY THE PUBLIC,

JANUARY 1, 1896.

<i>TITLE OF BONDS.</i>	<i>Rate of Interest.</i>	<i>Principal Due.</i>	<i>Amount Outstanding.</i>
<i>Northern Pacific Railroad Company.</i>			
Missouri Division First Mortgage.....	6%	1919	\$1,815,500
Pend d'Oreille Division First Mortgage.....	6%	1919	357,000
General First Mortgage.....	6%	1921	41,879,000
General Second Mortgage Bonds.....	6%	1933	19,216,000
Receivers' Certificates.....	6%	1897	4,900,000
General Third Mortgage Bonds.....	6%	1937	11,426,000
Dividend Certificates.....	6%	1907	519,500
Consolidated Mortgage Bonds.....	5%	1989	45,520,000
Collateral Trust Notes.....	6%	1898	9,494,000
Northwest Equipment Company.....	7%	1898	3,000,000
<i>Terminal Bonds.</i> Principal and Interest guaranteed by the Northern Pacific Railroad Company.			
St. Paul & Northern Pacific Railway:			
Prior Lien Bonds.....	7%	1907	420,000
General Mortgage Bonds.....	6%	1923	8,003,000
Northern Pacific Terminal Co. First Mortgage Bonds.....	6%	1933	1,440,000*
<i>Branch Road Bonds.</i> Principal, Interest and Sinking Fund guaranteed by the Northern Pacific Railroad Company.			
Central Washington.....	6%	1938	1,750,000
Cœur d'Alene.....	6%	1938	1,238,000
Duluth & Manitoba (Minnesota).....	6%	1936	1,650,000
Duluth & Manitoba (Dakota).....	6%	1937	1,451,000
Helena & Red Mountain.....	6%	1937	400,000
James River Valley.....	6%	1936	963,000
Northern Pacific & Montana.....	6%	1938	5,381,000
Northern Pacific & Manitoba Terminal.....	5%	1939	650,000
Spokane & Palouse.....	6%	1936	1,766,000
Seattle, Lake Shore & Eastern.....	6%	1931	5,558,000
Total.....			\$168,797,000

* 40 % of \$3,600,000 issued.

LAND DEPARTMENT OPERATIONS, FIVE FISCAL YEARS.

MINNESOTA AND DAKOTA.

Fiscal Year.	Acres.	RECEIPTS.			Expenses.	Taxes.	Total.	Net Receipts.
		Cash.	Preferred Stock.	Total.				
1890-1.....	139,178	\$116,530 08	\$324,711 35	\$441,241 43	\$75,211 79	\$41,884 91	\$117,096 70	\$324,144 73
1891-2.....	*322,676	1,413,123 27	94,362 40	1,507,485 67	397,688 39	45,004 72	442,693 11	1,064,792 56
1892-3.....	38,548	92,481 98	274,118 63	366,600 61	94,993 09	61,830 74	156,823 83	209,776 78
1893-4.....	16,732	58,122 01	290,284 56	348,406 57	35,535 31	41,216 42	76,751 73	271,654 84
1894-5.....	42,907	242,601 40	69,700 00	312,301 40	77,723 66	38,493 70	116,217 36	196,084 04
Totals.....	560,041	\$1,922,858 74	\$1,053,176 94	\$2,976,035 68	\$681,152 24	\$228,430 49	\$909,582 73	\$2,066,452 95
Sp. M. & M. Lands, 1891-2.....	175,337	1,193,129 98		1,193,129 98				
Int. chgd by Op. Dept., 1891-2....					321,861 55		321,861 55	} 871,268 43
NORMAL, FIVE YEARS.....	384,704	\$729,728 76	\$1,053,176 94	\$1,782,905 70	\$359,290 69	\$228,430 49	\$587,721 18	\$1,195,184 52

Cash Receipts in excess of Expenses, exclusive of St. P. M. & M. Lands, and Int. charged by Operating Dept..... \$142,007 58

MISSOURI DIVISION.

1890-1.....	1,659	\$11,629 38	\$11,629 38	\$12,677 13	\$21,033 65	\$33,710 78	\$22,081 40*
1891-2.....	2,662	15,527 84	15,527 84	10,691 55	35,300 00	45,991 55	30,463 71*
1892-3.....	14,211*	19,105 60	19,105 60	12,425 19	23,638 92	36,064 11	16,958 51*
1893-4.....	1,613*	11,372 66	11,372 66	7,899 39	9,912 13	17,311 52	5,938 86*
1894-5.....	4,402	13,339 66	13,339 66	7,140 33	235 49	7,375 82	5,963 84
Totals.....	7,101*	\$70,975 14	\$70,975 14	\$50,333 59	\$90,120 19	\$140,453 78	\$69,478 64*

PEND D'OREILLE DIVISION.

1890-1.....	65,979	\$529,508 63	\$529,508 63	\$106,381 91	\$45,403 94	\$151,785 85	\$377,722 78
1891-2.....	36,281	460,639 55	460,639 55	85,484 69	37,786 59	123,271 28	337,368 27
1892-3.....	29,833*	450,115 51	450,115 51	80,243 74	50,764 13	131,007 87	319,107 64
1893-4.....	1,824*	131,850 98	131,850 98	57,509 67	52,399 67	109,909 34	21,941 64
1894-5.....	11,322*	96,802 02	96,802 02	127,077 19	7,372 28	134,449 47	37,647 45*
Totals.....	59,281	\$1,668,916 69	\$1,668,916 69	\$456,697 20	\$193,726 61	\$650,423 81	\$1,018,492 88

GENERAL FIRST MORTGAGE DIVISIONS.

1890-1.....	159,336	\$731,849 41	\$731,849 41	\$177,122 12	\$75,814 45	\$252,936 57	\$478,912 84
1891-2.....	192,260	880,728 16	880,728 16	175,212 89	91,741 69	266,954 58	613,773 58
1892-3.....	84,651	824,402 94	824,402 94	141,872 70	111,875 31	253,748 01	570,654 93
1893-4.....	30,415	291,044 24	291,044 24	92,204 89	90,017 72	182,222 61	108,821 63
1894-5.....	231*	348,283 62	348,283 62	168,462 12	179,821 50	348,283 62	
Totals.....	466,431	\$3,076,308 37	\$3,076,308 37	\$754,874 72	\$549,270 67	\$1,304,145 39	\$1,772,162 98

The Net Receipts of 1894-5 were set aside for a fund to meet taxes for 1894 and prior years, pending a judicial decision as to the liability of the Land Department therefor. This accounts for the large increase in the charge for taxes in that year.

SUMMARY OF LAND OPERATIONS, FIVE FISCAL YEARS, 1891 TO 1895, INCLUSIVE.

DIVISIONS.									
Gen. First Mtge.....	466,431	\$3,076,308 37		\$3,076,308 37	\$754,874 72	\$549,270 67	\$1,304,145 39	\$1,772,162 98	
Missouri Div. Mtge.....	7,101*	70,975 14		70,975 14	50,333 59	90,120 19	140,453 78	69,478 64*	
Pend d'Oreille Div. Mtge.....	59,281	1,668,916 69		1,668,916 69	456,697 20	193,726 61	650,423 81	1,018,492 88	
APPLIED TO BONDED DEBT.....	518,611	\$4,816,200 20		\$4,816,200 20	\$1,261,905 51	\$833,117 47	\$2,095,022 98	\$2,721,177 22	
Minnesota & Dakota.....	384,704	\$729,728 76	\$1,053,176 94	\$1,782,905 70	\$359,290 69	\$228,430 49	\$587,721 18	\$1,195,184 52	
St. P. M. & M. Lands, 1891-2.....	175,337	1,193,129 98		1,193,129 98					
Int. chgd by Op. Dept., 1891-2....					321,861 55		321,861 55	} 871,268 43	
APPLIED TO PREFERRED STOCK....	560,041	\$1,922,858 74	\$1,053,176 94	\$2,976,035 68	\$681,152 24	\$228,430 49	\$909,582 73	\$2,066,452 95	
Grand Total.....	1,078,652	\$6,739,058 94	\$1,053,176 94	\$7,792,235 88	\$1,943,057 75	\$1,061,547 96	\$3,004,605 71	\$4,787,630 17	

* Deductions for Cancellation of Sales or Losses in Operations.

FEBRUARY 10, 1896.

JOHN SCOTT,
Comptroller.

**CORRECTED STATEMENT OF INCOME ACCOUNT AND CHARGES THERETO
FOR THE FIVE FISCAL YEARS ENDING JUNE 30th, 1895.**

<i>Fiscal Years Ending June 30th,</i>	1891.	1892.	1893.	1894.	1895.	Totals, 5 Years, 1891-1895.	Annual Average, 1891-1895.
Mileage Operated	4,222	4,412	4,443	4,468	4,469		4,403
Gross Earnings.							
Freight, Commercial.....	\$16,910,160 19	\$17,328,989 35	\$16,982,891 57	\$11,565,455 41	\$13,210,698 86	\$75,998,195 38	\$15,199,639 08
" Construction.....	621,062 19	54,782 20	34,738 03	36 78		710,619 20	142,123 84
Passenger	6,680,491 37	6,296,284 96	5,917,054 22	4,136,332 10	3,350,491 53	26,380,654 18	5,276,130 83
Mail, Express and Miscellaneous.....	939,830 34	981,400 98	985,424 86	845,385 22	873,790 41	4,625,831 81	925,166 36
Total Gross Earnings from Traffic.....	25,151,544 09	24,661,457 49	23,920,108 68	16,547,209 51	17,434,980 80	107,715,300 57	21,543,060 11
Operating Expenses.							
Per Books	14,940,402 18	14,176,364 63	14,471,771 63	11,816,129 47	11,319,682 41	66,724,341 02	
Expenses Charged to other Accounts	429,889 62	355,472 58	45,939 82			831,302 02	
Total Operating Expenses.....	15,370,291 80	14,531,837 21	14,517,711 45	11,816,120 17	11,319,682 41	67,555,643 04	13,511,128 61
Net Earnings	9,781,252 29	10,129,620 28	9,402,397 23	4,731,089 34	6,115,298 39	40,159,657 53	8,031,931 50
Operating Charges.							
Taxes	460,594 44	400,985 09	462,340 46	465,825 06	501,715 91	2,291,460 76	458,292 15
Rentals of Tracks and Terminals.....	1,133,669 48	1,230,213 50	1,198,333 03	977,883 68	998,766 86	5,538,866 61	1,107,773 32
Other Operating Charges.....					96,562 56	96,562 56	19,312 51
Total Operating Charges	1,594,263 92	1,631,198 65	1,660,673 29	1,443,708 74	1,597,045 33	7,926,889 93	1,585,377 98
Net Income from Traffic.....	8,186,988 37	8,498,421 63	7,741,723 94	3,287,380 60	4,518,253 06	32,232,767 60	6,446,553 52
Miscellaneous Income, exclusive of that from sales of land.....	1,078,528 12	874,099 49	1,222,795 36	497,303 52	616,229 43	4,288,955 92	857,791 18
Total Net Income, of N. P. R. R. System consid- ering the St. P. & N. P. R. R. as a Leased Line	9,265,516 49	9,372,521 12	8,964,519 30	3,784,684 12	5,134,482 49	36,521,723 52	7,304,344 70
Add:							
Rentals paid St. P. & N. P. R. R. included in operating charges as above.....	1,024,057 94	1,090,761 75	1,048,638 19	822,814 92	838,001 00	4,824,273 80	964,854 76
Total	10,289,574 43	10,463,282 87	10,013,157 49	4,607,499 04	5,972,483 49	41,345,997 32	8,269,199 46
Deduct:							
Dividends paid by St. P. & N. P. R. R. Co. (Those Received by N. P. R. R. Co. in- cluded in Miscellaneous Income account as above)	796,401 17	395,874 50	672,992 75	157,500 00	315,000 00	2,337,768 42	467,553 68
Total Net Income, including the St. P. & N. P. R. R. as part of the System.....	9,493,173 26	10,067,408 37	9,340,164 74	4,449,999 04	5,657,483 49	39,008,228 90	7,801,645 78

NOTE.—Losses for years 1891 to 1894, under Leases of Wisconsin Central Co. (including Chicago & N. P. R. R.), Seattle, Lake Shore & Eastern R. R. Co., and Puget Sound and Alaska S. S. Co., are not deducted in this statement.

NEW YORK, March 7th, 1896.

STEPHEN LITTLE,
J. H. McCLEMENT,

Auditors for Reorganization Committee.

JOHN SCOTT, Comptroller.

REORGANIZATION AGREEMENT,

MARCH 16TH, 1896.

AN AGREEMENT, made this 16th day of March, 1896, between

EDWARD D. ADAMS, JOHN C. BULLITT, LOUIS FITZGERALD, CHARLES H. GODFREY, JOHN D. PROBST, JAMES STILLMAN, ERNST THALMANN (hereinafter called the Reorganization Committee), parties of the first part;

THE MERCANTILE TRUST COMPANY, party of the second part;

J. P. MORGAN & Co. (a copartnership), parties of the third part (hereinafter called the Managers);

HOLDERS OF MORTGAGE BONDS OF THE NORTHERN PACIFIC RAILROAD COMPANY (hereinafter called the Railroad Company), HOLDERS OF CERTIFICATES OF THE MERCANTILE TRUST COMPANY FOR GENERAL SECOND, GENERAL THIRD AND CONSOLIDATED MORTGAGE BONDS, HOLDERS OF COLLATERAL TRUST NOTES AND DIVIDEND CERTIFICATES OF THE RAILROAD COMPANY, AND THE MORTGAGE BONDS OF VARIOUS BRANCH RAILROADS HITHERTO KNOWN AS PARTS OF THE NORTHERN PACIFIC RAILROAD SYSTEM, AND HOLDERS OF THE PREFERRED AND COMMON STOCK OF THE NORTHERN PACIFIC RAILROAD COMPANY, who shall become parties to this agreement, of the fourth part (hereinafter called Depositors);

THE DEUTSCHE BANK, OF BERLIN, in evidence of its active support of the reorganization and of its acceptance of appointment as Depositary thereunder, party of the fifth part, and

AUGUST BELMONT, BRAYTON IVES, GEORGE R. SHELDON and CHARLEMAGNE TOWER, JR., a Committee in behalf of various interests in the Northern Pacific Railroad Company (hereinafter called the Protective Committee), in evidence of their active support of the reorganization thereof according to the Plan provided herein, as parties of the sixth part;

Whereas, by an agreement dated February 19, 1894, known as the Bondholders' Agreement, the parties of the first part were, by certain holders of the General Second, General Third and Consolidated Mortgage Bonds of the Railroad Company, appointed a Committee for the reorganization of said Company; and

Whereas, the Plan referred to in this agreement has been proposed by the Reorganization Committee for the reorganization of the Railroad Company;

NOW, THEREFORE, it mutually is agreed by and between the respective parties hereto as follows:

First. A printed copy of this agreement, signed by a majority of the members of the Reorganization Committee and of the Protective Committee, and by the parties of the second and third parts hereto, and by or for the party of the fifth part, shall be lodged with J. P. Morgan & Co., New York, and a duplicate, signed in like manner, shall be lodged with the Deutsche Bank, of Berlin. Each of said copies shall be taken as a complete and original instrument, but both shall constitute but one

agreement. The foregoing Plan is, and shall be, taken to be a part of this agreement, with the same effect as though each and every provision thereof had been embodied herein, and said Plan and this agreement shall be read as parts of one and the same paper; but no estimate, statement, explanation or suggestion contained in the said Plan or this agreement, or in any circular issued, or which may hereafter be issued, by the Depositaries or by the Committee or by the Managers, is intended, or is to be accepted, as a representation or warranty, or as a condition of deposit or assent under the Plan and this agreement, and no defect or error shall release any deposit under this Plan and agreement, or affect or release any assent thereto, except by written consent of the Managers.

Holders of the Bonds, Collateral Trust Notes, Dividend Certificates, and of the Preferred and Common Stock of the Railroad Company, and of the stock of the Northwest Equipment Company and of the mortgage bonds of various Branch Railroads hitherto known as parts of the Northern Pacific Railroad system, or of any of them, may become parties to this Plan and agreement by depositing their securities with the Depositaries upon the terms and conditions specified in the Plan and this agreement, or hereafter defined, and within the periods which shall be fixed or limited by the Managers.

Such holders must in all cases deposit the certificates for their stock, or their bonds, or other securities, with such transfers, assignments and powers of attorney as may be required by the Managers in order to vest in them, and to enable them to transfer, the complete and absolute title to such stocks or bonds or other securities, and the Depositaries agree respectively at any time, on demand of the Managers, to execute any and all other transfers, assignments or writings required for vesting the complete ownership of the bonds and stock deposited hereunder in the Managers, or their nominees.

All Depositaries of securities (excepting Assenting Certificate holders as hereinafter designated) shall receive certificates of deposit in form to be prescribed by the Managers, specifying the respective bonds or stocks deposited, and the holders of such certificates of deposit shall be entitled (subject to any provisions contained in such certificates) to the rights and benefits, and only to the rights and benefits, specified in the Plan and this agreement, as accruing to the holders of the bonds or stocks of the class represented by such certificates respectively, or granted by the Managers, pursuant to the powers conferred upon them; and thereafter the holder of any such certificate, or of any certificate issued in lieu thereof or in exchange therefor, shall be subject to the Plan and this agreement and entitled to have and exercise the rights of the original Depositor under the certificate issued to him in respect of the securities therein mentioned.

The Plan and this agreement prepared and adopted by the Reorganization Committee in exercise of the power, and in performance of the duty imposed upon said Reorganization Committee under the said Bondholders' Agreement of February 19, 1894, is in the form and contains the terms, powers and conditions which to the Committee seem equitable and fair; and in accordance with the provisions of said Bondholders' Agreement, are now lodged at New York with the Farmers' Loan and Trust Company and The Mercantile Trust Company; at Berlin, with the Deutsche Bank; and at London with the branch of the Deutsche Bank, which has been appointed by said Reorganization Committee as agent therefor, and also with said Reorganization Committee at its office, No. 15 Broad Street, in the City of New York, at each of which places copies are left for distribution to bondholders; and a brief publication of the fact of the adoption and filing of such Plan of Reorganization will be made for at least two weeks in one or more daily newspapers published in the Cities of New York, London and Berlin, and in the absence of express dissent in writing, filed within twenty days after the expiration of such publication (in compliance with the provisions of the Second Article of said Bondholders' Agreement), the assent to and ratification of the Plan and this agreement shall be conclusively and finally assumed, conferred and given by each and every certificate holder not so expressly dissenting herefrom. But, nevertheless, the Managers, at their option, at any time, may by notice published in the manner hereinafter provided in Article Twelfth hereof, exclude from the operation of the Plan and this agreement, and from any and all interest thereunder, any and all bonds represented by any such certificate issued under such Bondholders' Agreement, unless within the time and in the manner required in such public notice such certificate shall have been submitted to one of the Depositaries hereunder for stamping, and by one of such Depositaries shall have been stamped as expressly assenting to the Plan and this agreement.

Holders of General Second, General Third and Consolidated Mortgage bonds not already deposited under the Bondholders' Agreement of February 19, 1894, shall, by the delivery of their bonds to the Depositaries, be deemed to have deposited their bonds under said Bondholders' Agreement, and for the bonds deposited will receive certificates of the Mercantile Trust Company of New York, issued under that agreement, which may be stamped by one of the Depositaries as assenting to the Plan and this agreement.

All bonds represented by any such certificate, the holder of which shall have acquiesced as above provided, unless stamping of such certificates shall be required by the Managers, as above provided, and all bonds represented by any certificate stamped as aforesaid, shall be subject to, and included within, the provisions of this Plan and agreement as fully and irrevocably as though directly deposited hereunder, and the Managers shall irrevocably possess and from time to time may exercise all rights of the holders of bonds represented by such certificates, subject to the terms thereof, including the right to abandon or terminate the said former agreement and all further proceedings thereunder.

All such certificates so acquiescing or so stamped are herein designated "Assenting Certificates," and the holders thereof are designated "Assenting Certificate Holders."

Such Certificates of Deposit and such Assenting Certificates and the interests represented thereby shall be transferable only subject to the terms and conditions of the Plan and this agreement, and in such manner as the Managers shall approve; and upon such transfer, all rights of the Deposit or in respect of the deposited bonds or stock represented by such certificates, together with all installments paid by the Depositors of such stock, or their transferees, and all rights under the Certificates of Deposit or Assenting Certificates transferred, shall pass to the transferee, and the transferees and holders of such Certificates of Deposit or of such Assenting Certificate shall for all purposes be substituted in place of the prior holders, subject to this agreement. All such transferees, as well as the original holders of Certificates of Deposit or of Assenting Certificates, shall be embraced under the term "Depositors," whenever used herein. Each Certificate of Deposit or Assenting Certificate may be treated by the Reorganization Committee, by the Managers and by the Depositaries as a negotiable instrument, and the holder for the time being may be deemed to be the absolute owner thereof, and of all rights of the original Depositor of the bond or stock in respect of which the same was issued, and neither the Depositaries nor the Reorganization Committee nor the Managers shall be affected by any notice to the contrary. By accepting any such Certificate, or by presenting any Mercantile Trust Company Certificate to be stamped hereunder, every recipient or holder thereof shall thereby become party to the Plan and this Agreement with the same force and effect as though an actual subscriber hereto. The term Depositor, as well as the term Assenting Certificate Holder, whenever used herein, is intended, and shall be construed, to include not only persons acting in their own right, but also trustees, guardians, committees, agents and all persons acting in a

representative or fiduciary capacity, and those represented by or claiming under them, and partnerships, associations, joint-stock companies and corporations. No rights hereunder shall accrue in respect of any securities hereinbefore mentioned unless, nor until, the same shall have been subjected to the control of the Managers and to the operation of the Plan and this Agreement as herein provided.

The Depositaries shall receive the deposited stocks and bonds, and shall deliver the same to one or more Trust Companies in the City of New York, and the same shall be held by them respectively subject to the order and control of the Managers.

The Managers may, in their discretion, fix or limit the period or periods within which holders of bonds or stock, or other securities, or any class thereof, may deposit their securities, and within which they or holders of Mercantile Trust Company Certificates may become parties to the Plan and this agreement, and the periods within which the installments of cash payable by depositing holders of Preferred and Common stock must be paid, and, in their discretion, either generally or in special instances, may extend or renew the period or periods so fixed or limited, on such terms and conditions as they may see fit.

Holders of securities not deposited, or of the Mercantile Trust Company Certificates not becoming parties hereto, in the manner herein provided, by stamping, if so required, within the periods respectively fixed or limited therefor, will not be entitled to deposit the same or to become parties to this agreement, or to share in the benefits thereof, and shall acquire no rights thereunder, except upon obtaining the express consent of the Managers, who may withhold or give such consent, in their absolute discretion, and such terms and conditions as they may see fit.

The several installments of cash, payable by depositing stockholders as provided in the Plan and this agreement, must be paid to the respective Depositaries, and must be receipted for by such Depositaries on the respective certificates of deposit issued for such stock. The depositing stockholders agree that all such installments of cash may be used, at any time, by the Managers, for any of the purposes of the Plan and this agreement. Depositors of stock and holders of certificates of deposit for deposited stock respectively agree that prompt payment of the several installments of cash payable by them respectively on the terms of the Plan and this agreement is an essential condition to their acquisition of new stock by purchase under the Plan and this agreement, and that any depositor or any holder of a certificate of deposit for stock who shall fail to make prompt payment of any installment of cash payable as provided in the Plan within the periods fixed or limited by the Managers for such payment shall forthwith and without further or other notice or action cease to have any rights, or to be entitled to any benefits hereunder, and in every such case the deposited stock and any cash paid as above provided prior to the date of such default shall vest in and belong to the Managers, and may be used for any of the requirements of carrying out the Plan and this agreement, and that no such defaulting Depositor or Certificate Holder shall be entitled to the return or repayment thereof or to have any further interest or rights in respect thereof. The Managers, however, in their discretion, may waive any such default and accept payment of overdue installments due from any Depositor at any time before final settlement of accounts with the syndicate.

The Managers may, in their discretion, for the purpose of carrying out the Plan and this agreement, call in for deposit any of the undisturbed Main Line bonds mentioned in the Plan, and may cause any mortgage securing the same to be foreclosed, and may cause other similar bonds having similar security, or the Prior Lien Bonds reserved therefor under the Plan, to be issued in exchange for such bonds.

Second. The Depositors and Assenting Certificate holders hereby irrevocably request the Managers to endeavor to carry into practical operation the Plan and this agreement, in its entirety or in part, to such extent and in such manner and with such additions, exceptions and modifications as the Managers shall deem to be for the best interests of the Depositors and Assenting Certificate holders or of the properties finally embraced in the Reorganization. Each and every Depositor and Assenting Certificate holder, for himself and not for any other, does hereby sell, assign, transfer and set over to the Managers as copartners, and to the survivor and survivors of them and to their successors, each and every bond, share of stock, security or obligation or evidence thereof deposited hereunder, or represented by an Assenting Certificate, and every Depositor and Assenting Certificate holder hereby agrees that the Managers shall be and they are hereby vested with all the rights and powers of owners of the stock, bonds, securities and obligations deposited hereunder, or represented by such Assenting Certificates, including the right to transfer the same into their own name, as a copartnership and as Managers, or into the name of any other person or persons whom they may select; and (without limiting the foregoing provision) it is hereby declared that the Managers shall be fully authorized to vote thereon at any meeting of stockholders or bondholders or creditors; to use every such stock, bond, receipt, security or obligation as fully and to the same extent as the owner or holder thereof; to declare due the principal of any bond or other obligation deposited hereunder, and to revoke any such declaration whenever made; to call or attend, and either in person or by proxy, to vote at any and all meetings of stockholders or bondholders or creditors of any corporation however convened; to terminate or to seek to dissolve or modify any trust, contract or lease, in whole or in part; to apply for the determination of the validity thereof, or for the removal of any trustees or the substitution of other trustees, or to take any other steps in respect of any trust, contract or lease or under any provision thereof; to purchase at any time or times, at such prices as they shall deem proper, or to pay, compromise or settle with the holders of any coupons, notes or other indebtedness or obligations of any of the Railroad Companies, or any Receiver's certificates or obligations issued or which may be issued or incurred by the Receivers thereof, and to apply for that purpose any moneys received from the sale of trust certificates for stock in the new Company or which may otherwise be received or raised by the Reorganization Committee or by them; to borrow money for any of the purposes of this agreement, and to charge or pledge any deposited securities, property purchased, or new securities to be issued, for the payment of any moneys borrowed; to give all bonds of indemnity or other bonds, and to charge therewith the securities deposited hereunder or any part thereof; to institute or to become parties to any legal proceeding; to apply for receivers, or for the removal of receivers and the substitution of other receivers, or for the termination of any receivership and the delivery of any property to its owners; to settle any litigation now or at any time existing or threatened in whole or in part, with plenary power to enter into arrangements for decrees, or for facilitating or hastening the course of litigation, or in any way to promote the consummation of the Plan; to do whatever, in the judgment of the Managers, may be necessary to promote or to procure the sale as an entirety or the joint or separate sales of any lands, grants of lands, property or franchise herein concerned, wherever situated; to adjourn any sale of any property or franchise, or of any portion or lot thereof at discretion; to bid, or to refrain from bidding at any sale, either public or private, either in separate lots or as a whole, for any property or franchises or any part thereof whether or not owned, controlled or covered by any deposited security, or by the bonds represented by any Assenting Certificate, including or excluding any particular rolling stock, or other property, real or

personal, and at, before or after any sale, to arrange and agree for the resale of any portion of the property which they may decide to sell rather than to retain; to hold any property or franchises purchased by them either in their name or in the name of persons or corporations by them chosen for the purposes of this agreement, and to apply any security embraced hereunder in satisfaction of any bid or towards obtaining funds for the satisfaction thereof; and the term property and franchise shall include any and all railroads, railroad and other transportation lines, branches, leaseholds, lands, rights in lands, mining rights, stocks, or other interests in corporations in which the Railroad Company has any interest of any kind whatever, direct or indirect. The amount to be bid or paid by the Managers for any property or franchises shall be absolutely discretionary with them; and, in case of the sale to others of any property or franchises, the Managers may receive out of the proceeds of such sale or otherwise any dividend in any form accruing on any securities held by them.

Third. The Managers may procure the organization of one or more new companies, or they may adopt or use any existing or future companies, and they may cause to be made such consolidations, leases, sales or other arrangements, and may make or cause to be made such conveyances or transfers of any properties or securities acquired by them, and may take such other proceedings as they may deem proper for the purpose of creating the new securities provided for in this Plan and agreement and for carrying out all or any of the provisions thereof. Said Managers shall further be authorized to receive and dispose of, in accordance with any of the provisions of this Plan and agreement, the new securities to be created, and said Managers may vote upon all the stock of such new corporation for all purposes in their judgment necessary to carry out the plan until the same shall be transferred to the Voting Trustees or to the Depositors and Assenting Security holders, who shall be entitled to receive the same.

Fourth. The Managers may construe the Plan and this agreement; and their construction thereof or action thereunder, in good faith, shall be final and conclusive. They may supply any defect or omission, or reconcile any inconsistency in such manner and to such extent as shall be necessary to carry out the same properly and effectively, and they shall be the sole judge of such necessity. They shall be the sole and final judge as to when and whether the assent of enough parties interested in the Railroad Company shall have been obtained to warrant them in carrying the same or any part into effect, and they shall have power, whenever they shall deem proper, to abandon or to alter, modify or depart from, the Plan of Reorganization or any part thereof. They may at any time or times, after any such partial abandonment, restore to the Plan any abandoned part or parts thereof, and may seek to carry the same into effect, as fully as if such part or parts had not been abandoned. They may also attempt to carry the Plan into effect rather than abandon or modify the same, even though it be manifest that, as carried out, the Plan must depart from the original Plan or from some part thereof. But in case of any intentional change or modification or departure from the Plan, which, in their judgment, shall materially affect any of the several classes of Depositors, or their mutual relations, a statement of such proposed change, modification or departure shall be filed with the Depositories, and notice of the fact of such filing shall be given as hereafter provided in Article Twelfth; and within two weeks after final publication all holders of the outstanding Certificates for such particular class or classes of securities affected thereby may surrender their respective Certificates therefor and withdraw securities of such particular class or classes, or the proceeds thereof, or substitutes therefor then under the control of the Managers, to the amount indicated in such Certificates, and all Assenting Certificate holders may require cancellation of their assent and release herefrom of the securities represented by their Assenting Certificates, provided, however, that in every case of withdrawal or cancellation the Certificate Holders or the Assenting Certificate Holders shall respectively make payment of their shares of the expenses of the Reorganization Committee and of the Managers as apportioned by the latter. Every Depositor of securities not so surrendering and withdrawing, and every Assenting Certificate Holder not withdrawing his assent, within such two weeks after final publication, shall be deemed to have assented to the proposed changes or modifications, and whether or not otherwise objecting, shall be bound thereby as fully and effectively as if he had actually assented thereto. Any changes or modifications finally made by the Managers shall be part of the Plan and this agreement; and all provisions and references concerning the Plan shall apply to the Plan so changed or modified. In case the Managers shall finally abandon the entire Plan, the stocks and bonds deposited hereunder, or their proceeds, or any stocks, bonds, securities or claims or representatives thereof, then under the control of the Managers, shall be delivered to the several Depositors in amounts representing their respective interests upon surrender of their respective Certificates and payment of such actual expenses as shall have been incurred by the Reorganization Committee and Managers, which latter shall have power to determine and to apportion upon the several classes of securities deposited hereunder the share of expense to be borne by each security. In case of such abandonment, in like manner, and upon like payment of expenses, any assent of the Assenting Certificate holders shall be released by the Managers, and until so released the General Second, General Third and Consolidated Mortgage bonds represented by the Assenting Certificates shall be subject to their ratable share of such expense.

In any such case, any moneys paid by the depositing stockholders, or any coupons, receiver's certificates or other obligations, claims or property acquired therewith, or the proceeds thereof when received, remaining after deducting therefrom the share of the expenses incurred by the Managers under this agreement apportioned upon such depositing stockholders, shall be equitably distributed or adjusted among the respective holders of Certificates of Deposit therefor; but the depositing stockholders, or holders of such Certificates of Deposit, shall have no claim for the repayment of any such moneys, except to the extent of their ratable shares of such moneys, or their proceeds, remaining in the hands of the Managers after payment of such expenses.

In every such case of withdrawal, any cash paid or advanced, as provided in the Plan, to depositors of bonds, notes or dividend certificates or Certificates of Deposit therefor or Assenting Certificates, and any interest paid or advanced to holders of Certificates of Deposit or Assenting Certificates in respect of deposited bonds, notes, or dividend certificates represented by such Certificates of Deposit or Assenting Certificates, or in respect of the new bonds to be issued in exchange therefor under the Plan, must be repaid by the holders of such Certificates before the deposited bonds, notes, or dividend certificates represented by such Certificates of Deposit or Assenting Certificates shall be surrendered in exchange therefor; but any interest collected by the Managers on deposited securities will in such case of withdrawal be accounted for by the Managers to the holders of the Certificates of Deposit for such securities or of Assenting Certificates.

Fifth. The Managers may proceed under the Plan and this agreement or any part thereof with or without foreclosure, and in case of foreclosure may exercise any power, either before or after foreclosure sale; and in every case all the provisions of the Plan and this agreement shall equally apply to and in respect of any physical properties embraced under the reorganization,

and to and in respect of any securities representing any such property, it being intended that for all purposes thereunder any such property, and any security representing such property, may be treated or accepted by the Managers as substantially identical. In case any separate Plan shall, in the opinion of the Managers, become necessary or expedient to effect the reorganization of any subordinate or other company, the Managers may promote and participate in any such reorganization and may deposit thereunder any securities thereby affected.

In case of any claim, lien or obligation not herein fully provided for and affecting the Railroad Company, or any property or franchises thereof, the Managers may from time to time (subject, however, to Article Sixth hereof) make such compromise in respect thereto or such provision therefor as they may deem suitable, using therefor any securities not expressly required for settlement with Depositors, or not expressly reserved for liens or obligations specified in the Plan, but the total amount of new securities to be created as set forth in the Plan shall not be thereby increased.

Any action contemplated in the Plan and this agreement to be performed on or after completion and reorganization may be taken by the Managers at any time when they shall deem the reorganization advanced sufficiently to justify such course, and the Managers as they may deem necessary may defer the performance of any provision of the Plan and this agreement, or may commit such performance to the new Company.

They may also in their discretion set apart and hold in trust, or place in trust with any trust company, any part of the new securities to be issued and cash which may be received from sales of new securities, or otherwise, as they may deem judicious, for the purpose of securing the application thereof for any of the purposes of the Plan and this agreement.

Sixth. The Managers may from time to time make contracts with any person, syndicate or corporation for the purpose of carrying this agreement into effect and by loan, guaranty, or by the sale of the new securities to be created, or otherwise, on such terms, conditions and rates as said Managers may deem proper; may obtain any moneys required to carry out the Plan and this agreement, including such sums as the Managers may deem expedient to provide for the uses of the new Company; and for the performance of any contract said Managers may charge the deposited securities and the new securities to be issued and may pledge the same for the payment of any moneys borrowed and interest thereon, and other performance of any other obligations incurred under the powers herein conferred. The Managers may employ counsel, agents and all necessary assistance, and may incur and discharge any and all expenses by them deemed reasonable for the purposes of this agreement. They may prescribe the form of all securities and of all instruments at any time to be issued or entered into. They may create and provide for all necessary trusts, and may nominate and appoint trustees thereunder, excepting that the Reorganization Committee shall make any appointment in lieu of, or in succession to, Georg Siemens, and that the Protective Committee shall make any appointment in lieu of, or in succession to, August Belmont, prior to the actual reception of stock by the Voting Trustees. They may, at public or private sale, or otherwise, dispose of any bonds and Trust Certificates for stock of the new Company left in their hands because of any failure to make deposits hereunder. In so disposing of any such new securities thus left on their hands, they may use the same or the proceeds thereof for the purpose of carrying out the reorganization in such manner as they may deem expedient and advisable. At the time of the creation of the new securities, or as soon thereafter as may be, the Managers may take such action (either by creating lesser amounts of securities, or otherwise) as they may deem necessary to guard against the issue of such particular securities in any manner or to any extent inconsistent with the purposes of the Plan.

Seventh. Messrs. J. P. Morgan & Co., as Managers, shall act as a copartnership, and in case of any change in said firm, the firm of J. P. Morgan & Co., as from time to time constituted, shall continue as Managers, with all the powers, rights and title vested in the Managers hereunder. Neither the Committees nor the Managers nor the Depositories assume any personal responsibility for the execution of the Plan, or of this agreement, or any part of either, nor for the result of any steps taken or acts done for the purposes thereof; the Managers, however, undertaking in good faith to endeavor to execute the same. No member of the Reorganization Committee, nor any Depository, nor the Managers, shall be personally liable for any act or omission of any agent or employee selected in good faith, nor for any error of judgment or mistake of law, nor in any case except for his, its or their own individual willful malfeasance or neglect; and no member of the Reorganization Committee shall in any case be personally liable for the act or omission of any other member, nor for the acts of any Depository or of the Managers, nor shall any Depository or the Managers be personally liable for the acts or defaults of the Reorganization Committee, or of any other Depository, or of any Trust Company. The Managers may act through any committees or agents, and may delegate any authority, as well as discretion, to any such committee or agent, and the members of such committee or such agents may be allowed a reasonable compensation for their services hereunder, and the Managers shall be entitled to the compensation stated in the Plan. Any member of the Managers or Depositories, or any member of either Committee, at any time, may be a Voting Trustee, and may be or become pecuniarily interested in any contracts, property or matters which this agreement concerns, including participation in or under any syndicate agreement, whether or not mentioned in the Plan. Any direction given by the Managers shall be full and sufficient authority for any action of the Depositories or of any Trust Company or of any other custodian or of any committee or agent.

The Reorganization Committee shall be entitled to reasonable compensation. It may discharge any and all reasonable expenses by it incurred for any of the purposes of this agreement or of the agreement of February 19, 1894. Its accounts shall be filed with the Board of Directors of the new Company, and the same, as filed, shall be final, binding and conclusive upon all parties having any interest therein. The compensation of the said Reorganization and the Protective Committee and their expenses shall be paid as part of the expenses of the reorganization.

Eighth. The Managers may negotiate and contract with any and all companies or persons for obtaining or granting running powers, terminal facilities, exchanges of property, or any other convenience which they may deem necessary or desirable to obtain or to grant, and may make contracts therefor binding upon such new company, and generally may ratify and make such purchases, contracts, stipulations or arrangements as will in their opinion operate directly or indirectly to aid in the preservation, improvement, development or protection of any property now constituting the Northern Pacific System, of which the Railroad Company or any subordinate company has contracted to acquire, or to prevent or avoid opposition to or interference with the successful execution hereof.

Ninth. The accounts of the Managers shall be filed with the Board of Directors of the new Company within one year after its organization shall have been completed, unless a longer time be granted by the said Board. The accounts, when

approved by such Board of Directors, shall be final, binding and conclusive upon all parties having any interest therein, and thereupon the Managers shall be discharged. The acceptance of new securities by any Depositor or any Assenting Certificate holder shall estop such acceptor from questioning the conformity of such securities in any particular to any provisions of the Plan; and the acceptance of new securities by the holders of a majority in amount of the Certificates of Deposit and Assenting Certificates for any class of securities shall in each case respectively estop all holders of Certificates of Deposit and Assenting Certificates for securities of that class.

Tenth. The enumeration of specific powers hereby conferred shall not be construed to limit or to restrict general powers herein conferred or intended so to be; and it is hereby distinctly declared that it is intended to confer on the Managers, and each Depositor hereunder and each Assenting Certificate holder hereby confers on the Managers, in respect of all securities deposited or to be deposited, or securities represented by Assenting Certificates, and in all other respects, any and all powers which the Managers may deem necessary or expedient in or towards carrying out or promoting the purposes of the Plan and this agreement in any respect, even though any such power be apparently of a character not now contemplated; and the Managers may exercise any and every such power as fully and effectively as if the same were herein distinctly specified, and as often as, for any cause or reason, they may deem expedient. The methods to be adopted for or towards carrying out this agreement shall be entirely discretionary with the Managers.

The bonds and other obligations deposited under the Plan and this agreement, or represented by Assenting Certificates, and all Receivers' certificates, coupons and claims purchased or otherwise acquired under this agreement, shall remain in full force and effect for all purposes, and shall not be deemed satisfied, released or discharged by any delivery of new securities; and no legal right or lien shall be deemed released or waived, but said bonds and other claims, and any judgment upon any of such claims, including claims and judgments for deficiencies, and all liens and equities, shall remain unimpaired, and may be enforced by the Managers or by the new Company or by any or other assign of the Managers until paid or satisfied in full or expressly released. Neither the Managers nor any bondholders or creditors of the Railroad Company, by executing this agreement, or by becoming parties thereto, release, surrender or waive any lien, right or claim in favor of any stockholders or other creditors of such Company, and all such liens, rights or claims shall vest unimpaired in the Managers and in the new Company, or its assigns, severally and respectively; and any purchase or purchases by or on behalf of the Managers, or the new Company, under any decree for the enforcement of any such lien, right or claim shall vest the property purchased in the Managers or the new Company free from all interest or claim on the part of any such stockholders, creditors or other parties. No right is conferred, nor any trust, liability or obligation (except the agreements herein contained in favor of the holders of Certificates of Deposit or Assenting Certificates hereunder) is created by the Plan and this agreement, or is assumed hereunder or by or for any new Company in favor of any bondholder, or any other creditor, or of any holder of any claim whatsoever against the Railroad Company, nor in favor of any company now existing or to be formed hereafter (whether such claim be based on any bonds, stocks, securities, lease, guaranty or otherwise), with respect to any securities deposited under this agreement or any moneys paid to, or received by Managers or by the Committee or Depositories hereunder or with respect to any property acquired by purchase at any foreclosure sale, or with respect to any new securities to be issued hereunder, or with respect to any other matter or thing.

Eleventh. All moneys paid under or with reference to the Plan and this agreement shall be paid over by the Depositories to the Managers, who shall as Bankers hold the same subject to application for any of the purposes of the Plan and this agreement as may be most convenient, and as from time to time may be determined by the Managers, whose determination as to the propriety and purpose of any such application shall be final, and nothing in the Plan shall be understood as limiting or requiring the application of specific moneys to specific purposes. Any obligation in the nature of floating debt or otherwise against any company or property embraced in the Plan, either as proposed or carried out, or any securities held as collateral for any such obligation, may be acquired or extinguished or held by the Managers at such times, in such manner and upon such terms as they may deem proper for the purposes of reorganization, but nothing in the Plan and this agreement contained is intended to constitute, nor shall it constitute, any liability or trust in favor or in respect of any such obligation.

Twelfth. All calls for the presentation of Certificates for stamping, for the deposit of bonds and stocks, for the payment to be made by depositing stockholders or for the surrender of Certificates; all notices fixing or limiting any period for the deposit of securities or for such payments, or for the presentation of Certificates for stamping, and all other calls or notices hereunder, except when otherwise provided, shall be inserted in the *New York Times* and the *New York Tribune*, or in two other daily papers of general circulation published in the City of New York; in the *London Times* and *News*, or in two other daily papers of general circulation published in the City of London; and in two daily papers of general circulation published in the City of Berlin; twice in each week for two successive weeks, beginning on any day of the week. Any call or notice whatsoever, when so published by the Managers or by the Deutsche Bank, shall be taken and considered as though personally served on all parties hereto, and upon all parties bound hereby, as of the respective dates of insertion thereof, and such publication shall be the only notice required to be given under any provision of this plan and agreement; and all German translations of the Plan and this agreement and of any call or notice thereunder shall be made under the direction or with the approval of the Deutsche Bank, and when so made shall be sufficient for publication in Germany; but, in case of any discrepancy between such translation and the English original, the latter shall control, and, notwithstanding such discrepancy, shall bind all parties in interest. When a call or notice shall have been advertised as above specified in New York, or in London, or in Berlin, publication shall be complete as regards all holders of certificates of deposit and assented receipts issued or stamped by the Depositories in the City in which such publication shall have been made, and no further publication shall be required in such city.

Thirteenth. The Plan and this agreement shall bind and benefit the several parties, including the Depositors hereunder, their and each of their survivors, heirs, executors, administrators, successors and assigns.

Fourteenth. In order fully to subject to every provision of the Plan and this agreement, all General Second, General Third and Consolidated Mortgage Bonds now or hereafter represented by Assenting Certificates of the Mercantile Trust Company, and to obtain therefor all benefits hereunder, the Mercantile Trust Company of New York becomes a party hereto, and each Assenting Certificate holder hereby confers upon it full power and authority, either with or without the termination of the said Bond-

holders' Agreement of February 19, 1894, to hold subject to the Plan and this agreement and to deliver to the Managers or upon their order, the bonds represented by any such Assenting Certificate, and full power and authority from time to time thereafter to make, execute and perform (such power and authority by it to be exercised when requested by the Managers) such further or other instruments, agreements and transfers as may be required hereunder in respect of any bonds represented by any such Assenting Certificates.

IN WITNESS WHEREOF, a majority of the Reorganization Committee, the Managers, The Mercantile Trust Company of New York, the Deutsche Bank and the Protective Committee have caused these presents to be duly executed, and all other parties hereto have deposited securities or, as above set forth, have assented hereto in respect of certificates of the Mercantile Trust Company.

EDWARD D. ADAMS,
JOHN C. BULLITT,
LOUIS FITZGERALD,
CHARLES H. GODFREY,
JOHN D. PROBST,
JAMES STILLMAN,
ERNST THALMANN.

THE MERCANTILE TRUST COMPANY,
by LOUIS FITZGERALD, *President*.

J. P. MORGAN & CO.

DEUTSCHE BANK,
by EDWARD D. ADAMS.

AUGUST BELMONT,
BRAYTON IVES,
GEORGE R. SHELDON,
CHARLEMAGNE TOWER, JR.

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